

SENATE RECORD VOTE ANALYSIS

104th Congress
2nd Session

Vote No. 265

August 2, 1996, 6:20 pm
Page S-9527 Temp. Record

SMALL BUSINESS-MINIMUM WAGE/Conference, Passage

SUBJECT: Conference report to accompany the Small Business Job Protection Act . . . H.R. 3448. Agreeing to the conference report.

ACTION: CONFERENCE REPORT AGREED TO, 76-22

SYNOPSIS: The conference report to accompany H.R. 3448, the Small Business Job Protection Act of 1996, will enact numerous tax reforms for small businesses, will extend expiring tax credits, will reform and simplify pension laws, and will increase the minimum wage. The cost of the tax changes will be offset, primarily by phasing out the section 936 tax credit for conducting business in Puerto Rico. Details are provided below.

Small business and other tax provisions include the following:

- the amount that small businesses may expense (write off in 1 year instead of amortizing) will be increased gradually to \$25,000 (10-year tax relief: \$4.676 billion);
- S corporation reforms will be made that will make it easier for smaller businesses to take advantage of this filing status; those reforms include increasing the number of subchapter S shareholders and granting permission to hold S or C subsidiaries;
- the SIMPLE pension plan will be established, which will give small businesses tax-favored treatment when they establish pension plans and which will eliminate most of the Federal redtape associated with creating pension plans;
- nondiscrimination rules for qualified cash or deferred arrangements and matching contributions will be modified (10-year tax relief (taking into consideration interaction with SIMPLE pension plans): \$1.309 billion);
- the combined limit that applies to an individual who has both a defined benefit pension plan and a defined contribution plan will be repealed (10-year tax relief: \$1.333 billion);
- investment retirement account (IRA) discrimination against homemakers will be ended by increasing the amount that homemakers may put in an IRA annually to \$2,000 (10-year tax relief: \$2.055 billion);
- the work opportunity tax credit will be extended, with modifications, through September 30, 1997 (10-year tax relief: \$385 million);

(See other side)

YEAS (76)				NAYS (22)		NOT VOTING (2)	
Republican (31 or 58%)		Democrats (45 or 100%)		Republicans (22 or 42%)	Democrats (0 or 0%)	Republicans (0)	Democrats (2)
Abraham	Jeffords	Akaka	Hollings	Ashcroft			Murray ⁻²
Bennett	Kassebaum	Baucus	Inouye	Bond			Pryor ⁻²
Campbell	McCain	Biden	Johnston	Brown			
Chafee	McConnell	Bingaman	Kennedy	Burns			
Cohen	Murkowski	Boxer	Kerry	Coats			
D'Amato	Pressler	Bradley	Kerry	Cochran			
DeWine	Roth	Breaux	Kohl	Coverdell			
Domenici	Santorum	Bryan	Lautenberg	Craig			
Frist	Shelby	Bumpers	Leahy	Faircloth			
Gorton	Simpson	Byrd	Levin	Frahm			
Grams	Snowe	Conrad	Lieberman	Gramm			
Grassley	Specter	Daschle	Mikulski	Helms			
Gregg	Stevens	Dodd	Moseley-Braun	Hutchison			
Hatch	Thompson	Dorgan	Moynihan	Inhofe			
Hatfield	Thurmond	Exon	Nunn	Kempthorne			
	Warner	Feingold	Pell	Kyl			
		Feinstein	Reid	Lott			
		Ford	Robb	Lugar			
		Glenn	Rockefeller	Mack			
		Graham	Sarbanes	Nickles			
		Harkin	Simon	Smith			
		Heflin	Wellstone	Thomas			
			Wyden				

EXPLANATION OF ABSENCE:

- 1—Official Business
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:

- AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

- the employer provided education assistance tax credit for undergraduates will be extended through May 31, 1997, and for graduates will be extended through June 30, 1996 (10-year tax relief: \$1.105 billion);
- the research and experimentation tax credit, with modifications, will be extended through May 31, 1997 (10-year tax relief: \$1.754 billion);
- the section 29 alternative fuels credit will be extended for facilities placed in service by June 30, 1998 and with binding contract dates by December 31, 1996 (10-year tax relief: \$522 million);
- tax-exempt organizations will be permitted to set up 401(k) retirement plans for their employees; and
- the Labor Department will develop guidelines to apply the Employee Retirement Income Security Act (ERISA) to insurance company general accounts with respect to policies issued before December 31, 1998, and the recent Harris Trust decision will not be applied retroactively.

Offsets to pay for this tax relief include the following:

- the Puerto Rico and possessions tax credit (section 936) will be repealed effective December 31, 1995, with the following exceptions for companies that currently receive the credit: the Qualified Possession Source Investment Income (QPSII) credit will be repealed for companies operating in Puerto Rico the latter of taxable years beginning after December 31, 1995, or having earnings after June 30, 1996; companies receiving the wage credit will operate under present law for 6 years (through 2001) and will have the credit capped for the next 4 years, after which it will be eliminated; companies receiving the income credit will operate under present law for 2 years (through 1997) and will have the credit capped for the next 8 years, after which it will be eliminated (10-year savings from these reforms: \$10.563 billion);
- the 50-percent interest income exclusion for financial institution loans to Employee Stock Ownership Plans (ESOPs) will be eliminated, except for loans entered into pursuant to a binding contract before June 10, 1996 (10-year savings: \$2.287 billion);
- the Airport and Airway Trust Fund excise taxes will be reinstated through December 31, 1996, with exemptions and clarifications (10-year savings: \$1.555 billion);
- math error rules will be applied for dependency exemptions and filing status when correct taxpayer identification numbers are not provided (10-year savings: \$2.245 billion);
- 5-year income averaging for lump-sum distributions will be repealed (10-year savings: \$483 million); and
- the automobile luxury tax will be phased out and extended through December 31, 2002 (10-year savings: \$182 million).

Other provisions:

- a \$5,000 nonrefundable adoption tax credit and employer provided assistance exclusion will be enacted; the amount will increase to \$6,000 for special needs adoptions; the credit will sunset after 2001; the credit will phase out for incomes between \$75,000 and \$115,000 (10-year tax relief: \$2.234 billion);
- States and any other entities that receive Federal funds and that are involved in adoption or foster care placement will be barred from denying to any person the opportunity to become an adoptive or a foster parent, or delaying or denying the placement of a child for adoption or into foster care, based on the race, color or national origin of the adult or child involved;
- the business exclusion for energy subsidies provided by public utilities will be removed (10-year savings: \$1.055 billion);
- the bad debt reserve deduction for thrift institutions will be repealed (10-year savings: \$1.886 billion); and
- the treatment of foreign trusts will be modified (10-year savings: \$2.079 billion).

Minimum wage:

The minimum wage will be increased to \$4.75/hour effective October 1, 1996 and to \$5.15/hour effective September 1, 1997. No small business exemption will be provided (for related debate, see vote No. 183). Employers will have the option of offering an entry-level "opportunity wage" of \$4.25/hour for the first 90 days of a worker's employment if the worker is less than 20 years old. The tip credit will remain at \$2.13/hour. Under the tip credit, employees who receive a portion of their income from tips may be paid \$2.13/hour, and if their tips do not then raise their pay above the minimum wage their employers make up the difference.

For debate, see vote No. 186.